GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1945
ANSWERED ON:26.03.2012
CEMENT INDUSTRY
Gutha Shri Sukender Reddy

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Government has received any request from the Cement Industry to scrap the import duty on Coal, Pet Coke, Gypsum, fuels and other basic raw material;

(b) if so, the details thereof alongwith steps taken by the Government in this regard; and

(c) whether there is shortage of basic raw material for the cement industry, and if so, the details thereof and the steps taken by the Government to improve the situations in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JYOTIRADITYA M. SCINDIA)

(a): Yes, Madam.

(b): The details are placed at Annexure. Current import duties on cement raw materials used by the cement industry like coal, pet coke and gypsum are already concessional i.e. much below the peak rate and general effective rate of customs duty. The rates are shown in the table below:

Item Basic Custom Duty (BCD) Countervailing Duty (CVD)

Steam Coal Nil 1%

Pet Coke 2.5% Nil

Gypsum 2.5% Nil

The import duties on steam coal has been decreased in the Budget 2012-13, with effect from 17.3.2012. There is no proposal to further reduce duties on these items at this stage.

(c): There is a gap in the coal linkage which is being met through import and purchase through e-auction/use of alternate fuels.

STATEMENT REFERRED TO IN REPLY TO PART (b) OF THE LOK SABHA UNSTARRED QUESTION NO.1945 FOR ANSWER ON 26.3.2012.

The request received from Cement Manufacturers' Association regarding Customs Duty on Coal, Pet Coke, Gypsum & Other Inputs is as under:

"Cement Industry has been subject to perennial shortage of coal, the main fuel. Approx, only 40% of coal required by cement industry is supplied through linkage. This adversely impacts the Cement Industry with increased fuel cost, as the balance requirement of fuel has to be procured from open market/e-auction, import of coal and use of alternative fuel pet coke at a substantially higher rate than linked coal.

Another important input is Gypsum and good quality Gypsum is available only to a limited extent. Thus, the Cement Industry has to

depend on imported Gypsum.

Pet-coke & Gypsum attracts 2.5% duty and coal attracts 5% duty, if imported, while there is no duty on cement import. This leads to an anomaly in that "Import Duty on inputs is higher than the finished product".

Therefore, it is requested that Government may kindly scrap import duty on coal, pet coke, gypsum and other fuels. The cement industry is heavily dependent on imported Coal and Pet Coke due to short supply of indigenous coal."